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A5691.0584

April 15, 2004

**NOTICE OF EX PARTE
COMMUNICATION**

Marlene H. Dortch, Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W., TW-A325
Washington, DC 20554


**Re: Pay Telephone Reclassification and Compensation Provisions of the
Telecommunications Act of 1996, CC Docket No. 96-128; Carrier
"Takebacks" of Previously Paid Compensation**

Dear Ms. Dortch:

The enclosed letter, on behalf of the American Public Communications Council (APCC"), was delivered today to Jeffrey Carlisle, Deputy Chief of the Wireline Competition Bureau.

Please include the enclosed letter in the record of the above-captioned proceeding.

Sincerely,



Robert F. Aldrich

Enclosure

cc: Jeff Carlisle
 Bill Dever
 Darryl Cooper
 Denise Coca

1177 Avenue of the Americas • 41st Floor • New York, New York 10036-2714
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April 15, 2004

Jeffrey Carlisle, Deputy Chief
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W., Room 5-C356
Washington, DC 20554

**Re: Pay Telephone Reclassification and Compensation Provisions of the
Telecommunications Act of 1996, CC Docket No. 96-128; Carrier
"Takebacks" of Previously Paid Compensation**

Dear Jeff:

On behalf of the American Public Communications Council ("APCC"), we request that the Commission issue a ruling, on an expedited basis, clarifying the procedure that interexchange carriers ("IXCs") must follow when attempting to recover prior alleged overpayments of payphone compensation by deducting them from current compensation payments to payphone service providers ("PSPs"). This issue requires the Commission's immediate attention. Two weeks ago, without any advance notice to PSPs, IXCs "took back" more than \$2 million in previously paid compensation, the second such takeback out of the last four payments.

APCC recognizes that the problem of fair procedure for IXC takebacks could be addressed and perhaps resolved by PSPs and IXCs collectively if there is a vehicle as well as an incentive for the affected parties to hold productive discussions. Therefore, we request that the Commission promptly convene a meeting of the parties to provide an opportunity for discussions between IXCs and PSPs, supervised by the Commission, to yield agreement on an appropriate procedure.

The facts of the recent IXC "takebacks" are discussed in detail further below. Briefly, on April 1, 2004, the due date for compensating PSPs for calls completed in the fourth quarter of 2003, Global Crossing, MCI, and WilTel Communications unilaterally "took back" a total of more than \$2.25 million that they allege was overpaid to independent PSPs for calls routed to switch-based resellers ("SBRs"). In these takebacks, the IXCs did not provide advance notice or follow any of the other

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procedures required in analogous circumstances by the *Fifth Reconsideration Order*.¹ A similar amount was taken back by AT&T, Global Crossing, and Excel Communications based on similar assertions, and with a similar lack of regard for fair procedure, in July, 2003. Thus, the most recent takebacks bring to more than \$4.5 million the total amount IXC's have taken back, without notice or opportunity for dispute, from independent PSPs since June 30, 2003.²

In addition, AT&T has (for the first time by any IXC) given an advance warning of a future takeback – for an unspecified amount, on calls routed to unspecified carriers – to be taken in the July 1, 2004 payment cycle. In providing such a general notice, AT&T has taken a commendable first step in helping to address some of the issues raised by IXC takebacks; however, AT&T has not agreed to follow any of the other procedures required by the Commission's *Fifth Reconsideration Order*.

APCC Services, Inc.³ is pursuing discussions with the individual carriers involved in each of the current actual or threatened takebacks, in an effort to determine whether the takebacks are justified on the merits. Commission action, however, is necessary to ensure that carriers do not continue to follow abusive procedures in implementing any future takebacks. A Commission-convened industrywide forum could expedite resolution of this issue.

I. BACKGROUND ON RECENT "TAKEBACKS"

A. The April 1, 2004 Takebacks

On April 1, 2004, without any prior notice to PSPs, three carriers – MCI, Global Crossing, and Wiltel Communications – announced they were deducting approximately \$2.25 million from the payphone compensation currently due from these carriers to PSPs represented by APCC Services, Inc. See NPC Letters Nos. 1069 ("Global Takeback

¹ See *Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, Fifth Order on Reconsideration and Order on Remand, 17 FCC Rcd 21274 (2002) ("*Fifth Reconsideration Order*").

² This total does not count the additional amounts that are being "taken back" by various carriers in the true-up ordered by the FCC in the *Fifth Reconsideration Order*.

³ APCC Services is a compensation clearinghouse, affiliated with APCC, that collects compensation from IXC's on behalf of about 1,650 PSPs.

Letter”), 1070 and 1074, enclosed with this letter as Exhibit 1. The carriers all state that their takebacks are based on information received from the carriers’ reseller customers regarding completed and uncompleted calls. For example, Global Crossing, whose takeback represents about \$1.9 million of the \$2.25 million total, states that some of its SBR customers disputed Global’s bills and “provided evidence that calls were not completed to the called party.” At Global’s direction, “the NPC Retro Traffic Submission Process was deployed for retroactive credits from previous processing quarters and will be applied against future PSP payment amounts for Global Crossing.” See Global Takeback Letter.

None of the carriers provided advance notice of the takebacks, and none offered an opportunity for PSPs to dispute the takebacks before deducting the amounts from compensation currently due. In addition, Global has not made any effort to limit the portion of compensation taken back in the current cycle to a reasonable percentage of the payment owed for the current period. Global’s \$1.9 million takeback, which includes takebacks of compensation paid over the previous *six quarters*,⁴ cancels out almost 100% of their compensation payments to APCC Services customers for the payment cycle. Further, although the IXC’s provided data on the payphones, toll-free numbers, and call volumes involved in the takebacks, none of the IXC’s to date have identified the resellers whose uncompleted calls allegedly necessitated the takebacks, and none have provided specific explanations of the information provided by resellers that led to the takebacks, the standards used to evaluate such information, or why such information was not obtained in a timely fashion.

In addition, AT&T has notified PSPs that in the next payment cycle, it too will apply another unspecified takeback of amounts paid for allegedly uncompleted calls. See Exhibit 2. While this notice gives more advance warning than any carrier has previously provided, it does not provide a specific explanation of the reasons for the takeback or the standards applied, and does not identify the calls for which compensation will be taken back, the SBRs and toll-free numbers involved, the payphones or PSPs affected, the amount to be taken back from any PSP, or even the overall scale of the impending takeback. The notice does not even identify the prior billing periods to which the takeback will apply, other than to reference “the November

⁴ MCI’s takeback covers five quarters, from the third quarter of 2002 through the third quarter of 2003. Wiltel’s includes only payments from the previous cycle, relating to the third quarter of 2003.

2001 to December 2003 period” – which is, of course, the entire period that the current “tollgate” rule has been in effect. Thus, the notice does not provide details that would enable PSPs to dispute the amount of the takeback before it occurs. Further, to date AT&T has not agreed to limit the takeback to undisputed amounts, or quantified the takeback so that PSPs can request a reasonable schedule for recovery.

B. Earlier Takebacks

The carriers’ actions on April 1, 2004 essentially repeat a similar scenario followed last year by a different, but overlapping group of carriers. On or about July 1, 2003, again without any prior notice to PSPs, three carriers – AT&T, Excel, and Global Crossing – deducted approximately \$2.35 million in payphone compensation that was currently due from those carriers to PSPs represented by APCC Services, Inc. *See* NPC Letters Nos. 1052, 1051, and 1055 (“Global Crossing Takeback Letter”), enclosed with this letter as Exhibit 3. *See also* APCC *ex parte*, filed July 18, 2003, Attachment 1 (filed in confidential and public versions). The carriers stated they were “retroactively taking back” compensation paid over the previous three to five quarters.

The \$2.35 million in takebacks represented about 20% of the compensation that these carriers collectively should have paid APCC Services customers on July 1, 2003. Smaller takebacks were implemented by various carriers in subsequent quarters. As with the April 1, 2004 takebacks, the stated purpose of most of the 2003 takebacks was to correct some of the payments made to PSPs because their reseller customers had belatedly informed the carriers that some of the calls for which the carriers had previously paid compensation had not been completed to end users.⁵

As with the April 1, 2004 takebacks, none of the carriers offered an opportunity for PSPs to dispute the takebacks before deducting the amounts from compensation currently due. After APCC complained to AT&T, whose takeback was by far the largest of the three, AT&T agreed to provide advance warning of future takebacks, but did not agree to provide specific details, an opportunity to dispute the takeback, or a schedule for taking back undisputed amounts.

⁵ A fourth carrier, McLeodUSA, also took back a large amount, asserting that it was taking back previously paid compensation for calls for which an audit revealed McLeodUSA was not the first facilities-based carrier. *See* NPC Letter No. 1053, included in Exhibit 3.

II. THE IXCs' TAKEBACKS VIOLATE THE *FIFTH RECONSIDERATION ORDER* AND FCC RULES

The carriers' takebacks of payphone compensation, as currently implemented, violate rules of fundamental fairness that the Commission has found specifically applicable to carrier takebacks of payphone compensation. In the *Fifth Reconsideration Order*, in addressing for implementing the post-remand true-up of compensation payments affected by previous appellate court decisions, the Commission ruled:

IXCs (or other carriers claiming refunds) may only withhold undisputed amounts from future payments. Thus, any carrier wishing to deduct a refund out of future payments to PSPs may only do so after providing that specific PSP notice of the refund claimed, and allowing the PSP adequate time to dispute the claim. To the extent a PSP disputes any portion of the refund claimed, the carrier may not deduct that portion from any future payment until it resolves the dispute with the PSP.

Fifth Reconsideration Order, ¶ 97. The Commission further ruled:

[I]f a carrier is able to apply undisputed payments against future payments, the carriers must allow PSPs to make payments of refunds over a reasonable number of future payments, subject to ongoing accrual of interest, if reasonably requested by the PSP.

Id.

The April 1, 2004 takebacks – as well as the earlier takebacks – violate each of these principles. First, as noted above, there was no advance notice given – the takebacks were announced on the same day that they were deducted from PSPs' quarterly compensation payments.

Second, because the carriers gave no notice, PSPs also had no opportunity to dispute the takebacks before they were deducted. The carriers implemented the takeback before any dispute could even be raised, much less resolved, as provided in

the Commission's *Fifth Reconsideration Order*. Thus, the carriers failed to limit the takebacks to "undisputed" amounts, as the order requires.

Third, while the alleged overpayments occurred over a period of up to six quarters, the carriers took back the entire amount of the identified overpayment in a single quarter. The carriers made no attempt to allow the takeback to be spread "over a reasonable number of future payments," as the *Fifth Reconsideration Order* requires.

These abusive procedures are particularly egregious because the carriers have no legitimate reason for continuing to implement unilateral takebacks with respect to allegedly uncompleted calls. It was well over two years ago, on November 23, 2001, that the rule took effect requiring first facilities-based interexchange carriers ("FIXCs") such as Global Crossing, MCI and Wiltel to be responsible for tracking and paying compensation for calls completed by their SBR customers. See *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, Second Order on Reconsideration, 16 FCC Rcd 8098 (2001) ("*Second Reconsideration Order*"), recon. denied, Third Order on Reconsideration, 16 FCC Rcd 2545 (2001), remanded, *Sprint Corp. v. FCC*, 315 F.3d 369, 377 (D.C. Cir. 2003). The Commission had allowed the carriers six months from the date its decision was published to modify their call tracking systems to implement the new rule, including, if necessary, "arranging for per call tracking in [their] arrangements with switch-based resellers that complete the calls." *Second Order on Reconsideration*, ¶¶ 16, 20. It is now more than two years since the carriers were first notified they had to implement tracking systems and arrangements with resellers to ensure that they could identify completed and uncompleted calls. Whatever problems the carriers initially experienced working with resellers, they cannot justify continuing to make late corrections for uncompleted calls more than 28 months after they were required to implement the necessary tracking systems to differentiate completed and uncompleted calls.

Moreover, the takebacks are of questionable validity on their face, because the resellers involved obviously did not provide timely information on the allegedly uncompleted calls. Even the third quarter of 2003, when the majority of the affected calls occurred, ended six months prior to the takeback. Because compensation is billed on a quarterly basis while carriers typically bill their customers on a monthly basis, resellers should have received bills from their facilities-based carriers for the calls involved well in advance of the original January 1, 2004 due date for compensation payments. Thus, the alleged uncompleted call information on which the takebacks for

3Q03 are based could and should have been provided in time to be reflected in the original compensation payment.

Moreover, a significant portion of the takebacks were ostensibly based on information about allegedly uncompleted calls that occurred in earlier quarters – nine months, a year, or even longer before the takeback. This extraordinary time lag casts even more doubt on the accuracy and genuineness of the data on which the carriers' takebacks were based. The carriers have had ample time to complete arrangements with their resellers for the provision of uncompleted call data, and there is no logical explanation for the resellers' delay in the provision of such data. If the data was delayed because it was "reconstructed" or "estimated" rather than based on actual records, then it certainly cannot be legitimately used by the carriers as a basis for unilateral takebacks of compensation.

But even if there were no particular reason to doubt the accuracy of the takebacks, the carriers should have at least accorded PSPs the same procedural safeguards applicable to recovery of compensation overpayments pursuant to a specific true-up order. As the FCC recognized in the *Fifth Reconsideration Order*, takebacks are particularly harmful in the payphone compensation context because, unlike most suppliers of commercial products and services, PSPs have no "self-help" remedies by which they can effectively respond to unfair IXC practices. The IXCs, not the PSPs, have the call tracking information. The IXCs have the ability to withhold payment based on any excuse or mere whim. And, because they are subject to a statutory prohibition on blocking their payphones, the PSPs have no leverage, other than the ultimate threat of litigation, to make the IXCs pay. If they receive no notice or opportunity to dispute takebacks, PSPs are totally at the mercy of carriers, have no means of predicting whether compensation due in a given cycle will be paid in full or will have takebacks skimmed off, and have no way to protect themselves against arbitrary reductions. In these circumstances, carriers' conduct cannot be deemed "reasonable" merely because carriers are able to get away with it under the special conditions that prevail in the payphone compensation system. Rather, carrier conduct must be judged based on basic principles of fairness. That is the approach the Commission found applicable to Commission-authorized true-ups in the *Fifth Reconsideration Order*, and it is equally if not more applicable to unauthorized, carrier-initiated "true-ups" such as the July 1, 2003 takebacks.

In sum, the April 1, 2004 takebacks by Global, MCI, and Wiltel, as well as the previous takebacks by AT&T and other IXC's, are clearly unreasonable because they do not comply with the fair procedures mandated for similar circumstances in the *Fifth Reconsideration Order*: (1) the IXC's did not provide any advance notice of the takebacks; (2) the IXC's provided no opportunity for PSP's to dispute the legitimacy of the takebacks; (3) the IXC's did not limit the takebacks to undisputed amounts; and (4) the IXC's took back the entire amount of the refund in a single quarter, regardless of the impact on the PSP's' current compensation payments, and even though the payments to be refunded were made over a period of up to six quarters.

The need for clarification of the reasonableness principles governing takebacks is pressing. Apart from the losses already sustained by PSP's, it is clear that carriers will continue to implement takebacks, in all likelihood in very large amounts, unless the Commission acts to ensure fair procedures. As noted above, AT&T has already warned PSP's of its plan to take back compensation in the next payment cycle.

The Commission should rule that, at a minimum, the same procedures that apply when IXC's recover overpayments pursuant to a "true-up" order are equally applicable when IXC's attempt to recover alleged overpayments in the absence of a Commission true-up order. Specifically, IXC's who believe they have overpaid compensation to payphone service providers ("PSP's") must: (1) provide reasonable advance notice of the amounts allegedly overpaid, the reasons for believing there has been an overpayment, and the specific compensation periods, payphones, toll-free numbers, and resellers (if any) involved; (2) provide a reasonable opportunity for PSP's to dispute the alleged overpayments prior to deducting the alleged overpayment from compensation currently owed; and (3) limit any deduction to undisputed amounts; and (4) upon PSP request, spread any deduction of undisputed amounts over a reasonable number of quarterly installments.

III. THE COMMISSION SHOULD TAKE IMMEDIATE ACTION

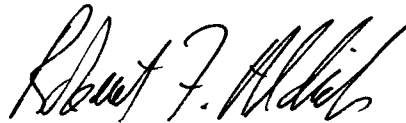
It may be that the issue of fair procedure for takebacks could be effectively addressed in an industrywide meeting of PSP's and IXC's. Such a meeting could only be productive if convened and supervised by the Commission. Based on experience to date, IXC's cannot be expected to adopt fair payment procedures willingly on their own. Nevertheless, if overseen by Commission staff, an industry meeting could provide an

opportunity for the parties themselves to develop an appropriate procedure based on their own direct experience with the payment process. Therefore, APCC suggests that the Commission immediately convene a meeting of PSP and IXC representatives to determine if the industry can expeditiously resolve the issue through direct discussions.

CONCLUSION

The Commission should take immediate action by convening a forum for industry to develop a fair takeback procedure. In addition, the Commission should clarify that takebacks conducted in violation of the principles established in the *Fifth Reconsideration Order* are unreasonable practices, whether they follow a Commission true-up order or are implemented unilaterally by IXCs in the absence of a true-up order.

Sincerely,

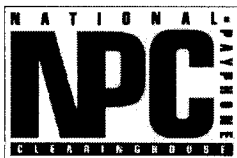
A handwritten signature in black ink, appearing to read "Robert F. Aldrich". The signature is fluid and cursive, with the first name "Robert" being more prominent.

Albert H. Kramer
Robert F. Aldrich

cc: Michael Del Casino
Lawrence Fenster
John E. Benedict
Michael Shortley
Adam L. Kupetsky

Exhibit 1

April 1, 2004 Takeback Letters



Letter ID: 1069

April 1, 2004

Dear Payphone Owner,

Subject: PAYPHONE SURCHARGE RETRO TRAFFIC SUBMISSION

Resulting from the FCC reallocation of responsibility for Dial-Around Compensation to the IXC's, Global Crossing has been responsible for remitting data and payments to the National Payphone Clearinghouse (NPC) to compensate the Payphone Service Providers (PSPs).

Global Crossing has been simultaneously billing a segment of our Switched Based Resellers (SBRs) and paying the NPC for completed calls based on our records. Some of the SBRs have disputed and provided evidence that calls were not completed to the called party. As a result, overpayments were made to the NPC because the total numbers of completed calls were less than our records indicated.

Therefore, our processes have determined that fewer calls were actually terminated to the called party, and Global Crossing has over paid the NPC. The NPC Retro Traffic Submission Process was deployed for retroactive credits from previous processing quarters and will be applied against future PSP payment amounts for Global Crossing.

Sincerely,

Michael J. Shortley, III
Vice President & General Counsel North America
Global Crossing Telecommunications, Inc.

National Payphone Clearinghouse Room 102-980, 201 East 4th St., Cincinnati, OH 45202 Phone:
513-397-6260, Fax: 513-721-COIN(2646), E-mail: npc@cinbell.com



Letter ID: 1070

April 1, 2004

Dear Payphone Owner,

WiiTel Communications has discovered that during 3Q2003 there was an over-remittance, as well as an under-remittance for payphone calls. For July and August 2003, WiiTel over-submitted payphone originated calls that were not compensable. For September 2003, WiiTel identified additional compensable payphone calls than the amount originally submitted to the NPC. In accordance with FCC payphone rules, WiiTel Communications is obligated to remit Dial Around Compensation for only those payphone calls that are completed calls and that are in compliance with compensable guidelines.

As a result, payphone service providers should expect to see a decline until the overpayment amounts have been completely offset. Also, payphone service providers might see an increase in the amount of compensation for the September 2003 payout.

Should you have any questions or concerns, please contact the National Payphone Clearinghouse at (513) 397-6260 or e-mail at npc@cinbell.com.

Sincerely,

Sincerely,

National Payphone Clearinghouse

National Payphone Clearinghouse Room 102-980, 201 East 4th St., Cincinnati, OH 45202 Phone:
513-397-6260, Fax: 513-721-COIN(2646), E-mail: npc@cinbell.com



Letter ID: 1074

April 1, 2004

Dear Payphone Owner,

Please note in your Fourth Quarter 2003 End of Quarter Payout MCI has conducted a take-back due to over compensating excluded customers calls from 3Q02 to 2Q03.

Three of our Facilities Based Resellers (FBR) submitted call completion files after payment had been processed for prior quarters. The take-back is to recover over payment for incomplete calls during that time.

If you have arrangements with TNS, ILD or McLeod you may be impacted by this take-back.

Sincerely,

MCI Francine Samuels 22001 Loudon County Parkway Ashburn, Va 20147

Exhibit 2

AT&T's April 1, 2004
Notice of a Planned Takeback



April 1st, 2004

The Federal Communications Commission's November 2001 Rules regarding compensation of Payphone Service Providers ("Payphone Rules") provide that: "the first facilities-based interexchange carrier to which a completed coinless access code or subscriber toll-free payphone call is delivered by the local exchange carrier shall compensate the payphone service provider for the call." Such interexchange carrier "may obtain reimbursement from its reseller and debit card customers for the compensation amounts paid to payphone service providers for calls carried on their account and for the cost of tracking compensable calls."

With respect to calls made from a payphone using AT&T Network Connection – Toll Free Service ("ANC Toll Free Service"), AT&T is "the first facilities-based interexchange carrier to which a completed coinless access code or subscriber toll-free payphone call is delivered by the local exchange carrier." AT&T's reseller customers for ANC Toll Free Service are the "reseller . . . customers".

At considerable expense in developing the process, and establishing the agreements, AT&T has entered into agreements with a few of its reseller customers to define the process to enable these resellers to pay on only "completed" calls and not pay on not "completed" calls as those terms are defined in the Payphone Rules. The process, which has the resellers provide the not "completed" call details to AT&T, enables AT&T to distinguish between "completed" and not "completed" calls made using the AT&T Network. Although there have been numerous practical difficulties in achieving our goal, this process would enable AT&T to collect from its reseller customers and pay the Payphone Service Providers ("PSPs") only on "completed" calls according to the Payphone Rules.

Subsequent to AT&T's previous retroactive take-back in 2003, AT&T agreed to notify the PSPs before the next AT&T retroactive take-back would occur. As a result, this letter shall serve as notice that AT&T will submit another retroactive take-back in its July 2004 payphone submission. The July 2004 payphone submission will include the amount of AT&T's quarterly submissions to the PSPs as well as AT&T's retro take-back amounts it had previously paid to the PSPs. AT&T's retroactive take-back component of its quarterly submission is based upon data AT&T received from its reseller customers on "completed" and "not completed" payphone calls. The retroactive take-back calculation is based on the difference between (i) what AT&T paid and (ii) what AT&T would have paid during the November 2001 to December 2003 period based on the number of payphone calls actually "completed" within the meaning of the Payphone Rules.

If you have any questions please do not hesitate to contact Elisabeth Benensky at ebenensky@att.com.

Exhibit 3

July 1, 2003 Takeback Letters



Letter ID: 1052

July 1, 2003

Dear Payphone Owner,

The Federal Communications Commission's November 2001 Rules regarding compensation of Payphone Service Providers ("Payphone Rules") provide that: "the first facilities-based interexchange carrier to which a completed coinless access code or subscriber toll-free payphone call is delivered by the local exchange carrier shall compensate the payphone service provider for the call." Such interexchange carrier "may obtain reimbursement from its reseller and debit card customers for the compensation amounts paid to payphone service providers for calls carried on their account and for the cost of tracking compensable calls."

With respect to calls made from a payphone using AT&T Network Connection - Toll Free Service ("ANC Toll Free Service"), AT&T is "the first facilities-based interexchange carrier to which a completed coinless access code or subscriber toll-free payphone call is delivered by the local exchange carrier." AT&T's reseller customers for ANC Toll Free Service are the "reseller . . . customers".

At considerable expense in developing the process, and establishing the agreements, AT&T has entered into agreements with a few of its reseller customers to define the process to enable these resellers to pay on only "completed" calls and not pay on not "completed" calls as those terms are defined in the Payphone Rules. The process, which has the resellers provide the not "completed" call details to AT&T, enables AT&T to distinguish between "completed" and not "completed" calls made using the AT&T Network. Although there have been numerous practical difficulties in achieving our goal, this process would enable AT&T to collect from its reseller customers and pay the Payphone Service Providers only on "completed" calls according to the Payphone Rules.

Starting with the calendar quarter beginning July 1, 2003, the calculation for the amount of AT&T's quarterly submissions to the Payphone Service Providers will include AT&T's retroactively taking back certain sums it paid to the Payphone Service Providers in the amount of the difference between (i) what AT&T paid and (ii) what it would have paid during that November 2001 - March 2003 period based on the number of payphone calls actually "completed" within the meaning of the Payphone Rules ("AT&T's retroactive take-back"). The data that AT&T has obtained from its reseller customers on "completed" and not "completed" payphone calls in connection with the agreements referred to above will be provided or has been provided, in summary fashion, as a basis for AT&T's retroactive take-back component of its quarterly submission calculation.

If you have any questions please do not hesitate to contact Elisabeth Benensky at ebenensky@att.com.

Sincerely,

National Payphone Clearinghouse

National Payphone Clearinghouse
Room 102-980, 201 East 4th St., Cincinnati, OH 45202
Phone: 513-397-6260, Fax: 513-721-COIN(2646), E-mail: npc@cinbell.com



Letter ID: 1051

July 1, 2003

Dear Payphone Owner,

FCC rules require an inter-exchange carrier (Excel Communications) to pay payphone compensation solely on completed calls. Excel has a number of switched-based resellers on our network, where we can not determine whether or not the calls have actually completed once they are transmitted to the customer's platform.

During operating quarter 1q2003, Excel received CDR data from one of our switched-based resellers (Transcomm) containing the numbers of incomplete calls during 12/2002, 1q2002, 2q2002, and 3q2002. Excel used this data to file retroactive take backs for the above mentioned month and quarters. As a result, you will see credit adjustments (take backs) on your 1q2003 pay out.

Excel also reserves the right to perform retroactive take back adjustments in the future as a result of this incomplete call issue.

Sincerely,

National Payphone Clearinghouse

National Payphone Clearinghouse
Room 102-980, 201 East 4th St., Cincinnati, OH 45202
Phone: 513-397-6280, Fax: 513-721-COIN(2646), E-mail: npc@cinbell.com

TOTAL P.07



Letter ID: 1055

July 1, 2003

Dear Payphone Owner,

Subject: PAYPHONE SURCHARGE RETRO TRAFFIC SUBMISSION

Resulting from the FCC reallocation of responsibility for Dial-Around Compensation to the IXC's, Global Crossing has been responsible for remitting data and payments to compensate the Payphone Service Providers (PSP's) through the National Payphone Clearinghouse (NPC).

Global Crossing has been simultaneously billing a segment of our Switched Based Resellers (SBR's) and paying the industry for completed calls based on our records. Some of the SBR have disputed and provided evidence that calls were not completed to the called party. As a result, overpayments were made to the PSP's because the total numbers of completed calls were less than our records indicated.

Therefore, our processes have determined that fewer calls were actually terminated to the called party, and Global Crossing has over paid the industry. The NPC Retro Traffic Submission Process was deployed for retroactive credits from previous processing quarters and will be applied against future PSP payment amounts for Global Crossing.

Sincerely,

National Payphone Clearinghouse

National Payphone Clearinghouse
Room 102-980, 201 East 4th St., Cincinnati, OH 45202
Phone: 513-397-6260, Fax: 513-721-COIN(2646), E-mail: npc@cinbell.com



Letter ID: 1053

July 1, 2003

Dear Payphone Owner,

You will note McLeodUSA has included adjustments for Retro Traffic Take Back for 4Q2001 through 2Q2002 to the 1Q2003 compensation release to you as prepared by NPC.

This adjustment is the result of an audit of call records from fourth quarter 2001, first quarter 2002 and second quarter 2002. The audit revealed that McLeodUSA incorrectly paid dial around compensation for 261,961 calls in 4Q2001, 441,231 calls in 1Q2002 and 193,658 calls in 2Q2002 for which it was not the first facility based carrier.

Therefore, both the first facility based carrier and McLeodUSA rendered compensation for the same 8XX calls from your payphone. McLeodUSA is deducting the overpayment with the Retro Take Back adjustment on your 1Q2003 release. The first facility based carrier passed the cost of compensating you for those calls on to McLeodUSA in the form of payphone surcharges added to the wholesale invoices rendered to McLeodUSA.

If you have questions or require further information, please contact me directly at twilla.shires@mcleodusa.com or you may call (918) 419-3588.

Sincerely,

Twilla Shires
Manager, Network Cost Management
McLeodUSA

National Payphone Clearinghouse
Room 102-980, 201 East 4th St., Cincinnati, OH 45202
Phone: 513-397-6260, Fax: 513-721-COIN(2646), E-mail: npc@cinbell.com